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Letter dated 19 December 2014 from the President of the Governing Council of the United Nations Compensation Commission addressed to the President of the Security Council

I am pleased to provide my report as the President of the Governing Council of the United Nations Compensation Commission on the results of the Governing Council's fourteenth special session, which was held on 18 December 2014 to consider the request made by Iraq for a temporary postponement of the requirement under Security Council resolution 1956 (2010) that Iraq deposit 5 per cent of the proceeds from all export sales of petroleum, petroleum products and natural gas and 5 per cent of the value of any non-monetary payments of petroleum, petroleum products and natural gas made to service providers, into the Compensation Fund, unless the Government of Iraq and the Governing Council, in the exercise of its authority over the methods of ensuring that payments are made into the Compensation Fund, decide otherwise.

Based on recent projections, the Governing Council had been expecting the outstanding balance of $4.6 billion owed to Kuwait to be paid in full by the end of 2015. This would have brought the mandate of the Compensation Commission to a conclusion. In considering the request of Iraq, however, Governing Council members recognized that the country was currently facing a very challenging and costly security crisis and expressed their solidarity with it.

Having carefully considered the request, the Governing Council adopted decision 272 (2014). By that decision, the Governing Council postponed until 1 January 2016 the requirement that Iraq deposit 5 per cent of oil proceeds and 5 per cent of the value of any non-monetary payments to service providers into the Compensation Fund. Therefore, quarterly payments towards the outstanding awards will resume in 2016, in accordance with Governing Council decision 267 (2009).

The Governing Council also agreed to the request of Iraq that deposits made by Iraq into the Compensation Fund since 1 October 2014 be returned to the Government of Iraq.

In adopting that decision, the Governing Council welcomed the flexibility and support of Kuwait for the requests made by Iraq.

While agreeing to the postponement, the Governing Council wanted to ensure that the integrity of the Compensation Commission would be maintained and that its previous decisions and relevant Security Council resolutions would be respected. As set out in the decision, the Governing Council emphasized the importance of

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completing the payment of the outstanding compensation in a timely manner and the successful and orderly winding down of the Compensation Commission. In that regard, the Governing Council welcomed the ongoing commitment of Iraq to paying the outstanding compensation in full.

(*Signed*) John **Quinn**
President of the Governing Council